



U.S. Department of Justice

United States Attorney
Western District of Texas

JOHNNY SUTTON
United States Attorney

601 NW Loop 410 STE 600
San Antonio, Texas 78216

(210)384-7400
FAX: (210)384-7474

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Contact: AUSA Matthew Devlin
Austin (512) 916-5858

**MICHAEL MORALES PLEADS GUILTY TO COMMUNICATING AN
EXTORTIONATE THREAT TO THE TONY SANCHEZ CAMPAIGN**

(AUSTIN, TEXAS) United States Attorney Johnny Sutton announced today that 40-year-old **MICHAEL MORALES** of San Antonio, Texas, pled guilty to one count of Interstate Communication of an Extortionate Threat, in violation of Title 18, United States Code, Section 875(d).

Appearing before United States District Judge Sam Sparks this afternoon, Morales admitted that between October 11 and October 21, 2002, using the alias "Wendel Smith," he made several telephone calls and sent faxes containing a threat to injure the reputation of Tony Sanchez in an effort to extort \$280,000 from Sanchez and the Sanchez for Governor campaign. Morales informed the Sanchez for Governor campaign that he wanted to be paid a "consulting fee" to keep the information, allegedly harmful to Sanchez, from being disclosed to the news media or to Sanchez's election opponent. Morales further admitted that all of the phone calls and facsimile transmissions originated from his San Antonio business.

On October 21, 2002, special agents with the Federal Bureau of Investigation executed a search warrant at Morales' San Antonio business. Items recovered during that search included a document found in Morales' desk in Morales' handwriting describing details of the telephone calls in his extortion scheme, a prepaid phone card found in Morales' wallet used to make the extortion calls to the Sanchez for Governor campaign, and a document of more than 50 pages – eight of which were faxed to the Sanchez for Governor campaign – which Morales claimed contained the information allegedly harmful to the reputation of Tony Sanchez.

"Blackmail is always wrong, but it is particularly despicable when it has the potential to affect the election of the highest official in the State of Texas," said Johnny Sutton, United States Attorney for the Western District of Texas. "My office is committed to protecting the integrity of elections, and to the vigorous prosecution of those who engage in criminal conduct that seeks to undermine the democratic process. I commend the Sanchez campaign for coming forward and cooperating fully in the investigation, and the FBI for acting quickly and effectively to thwart Mr. Morales' scheme."

Morales faces a maximum two years in federal prison and a fine of up to \$250,000. Sentencing is set for Friday, April 11, 2003, at 9:00 a.m. before Judge Sparks.

This case was investigated by the Federal Bureau of Investigation, with the full cooperation of the Tony Sanchez campaign. The case is being prosecuted by Assistant United States Attorney Matthew Devlin.